

SWBT's Position: None. Section 10.02 is captioned "Obligation to Construct or Maintain Facilities: Capacity Expansions" and is in full accordance with the Pole Attachment Act. Subsection (a) states, in essence, that SWBT will expand capacity at AT&T's request and that, with certain exceptions, AT&T will pay for the capacity expansions. Subsection (c) deals with the removal of cables and excavations to remove frozen cables. In those cases where the work is performed by AT&T or an authorized contractor selected by AT&T, SWBT expects the work to be performed in a manner which does not jeopardize or degrade the integrity of SWBT's structures or interfere with existing use of the facilities. (The same is true when the work is performed by SWBT or contractors retained by SWBT.) Further, SWBT expects to be indemnified for any damages resulting from excavation work performed by AT&T or authorized contractors selected by AT&T. (Likewise, SWBT expects its contractors to be responsible for damages they cause at SWBT sites.) SOUTHWESTERN BELL TELEPHONE COMPANY'S MASTER AGREEMENT.

63. What changes, if any, should be made to Section 10.04 of SWBT's proposed Master Agreement to conform that section to applicable federal law?

SWBT's Position: None. Section 10.04 is captioned "Make-Ready Work" and is in full accordance with the Pole Attachment Act. SOUTHWESTERN BELL TELEPHONE COMPANY'S MASTER AGREEMENT.

64. What changes, if any, should be made to Section 10.05 of SWBT's proposed Master Agreement to conform that section to applicable federal law?

SWBT's Position: None. Section 10.05 is captioned "Performance of Make-Ready Work" and is in full accordance with the Pole Attachment Act. Subsection (a) provides for the parties to agree on a list of authorized contractors who will be authorized to perform make-ready work at AT&T's request when SWBT cannot perform the make-ready work in accordance with AT&T's time requirements. Subsection (a) contemplates that AT&T will be approved for inclusion on the list of authorized contractors. Subsection (b) provides that AT&T may request that SWBT perform the work on an expedited basis if

AT&T approves the additional charges (such as overtime) which may be required if the work is performed on an expedited basis. This is an additional option. Subsection (d) also calls on AT&T to indemnify SWBT for any damages resulting from make-ready work performed by AT&T or authorized contractors selected by AT&T. SOUTHWESTERN BELL TELEPHONE COMPANY'S MASTER AGREEMENT.

65. What changes, if any, should be made to Section 10.08 of SWBT's proposed Master Agreement to conform that section to applicable federal law?

SWBT's Position: None. Section 10.08 is captioned "Reimbursement for Creation or Use of Additional Capacity" and is in full accordance with the Pole Attachment Act. SOUTHWESTERN BELL TELEPHONE COMPANY'S MASTER AGREEMENT.

66. What changes, if any, should be made to Section 12.03 of SWBT's proposed Master Agreement to conform that section to applicable federal law?

SWBT's Position: None. Section 12.03 is captioned "Installation of Drive Rings and J-Hooks" and is in full accordance with the Pole Attachment Act. Subsection (d) permits AT&T to install drive rings and J-hooks on poles even if it has no prior license to make attachments to the pole. Subsection (d) requires that AT&T apply for a license after the attachment has been made. Neither applying for nor granting such a license should be burdensome and AT&T is aware that SWBT is receptive to changing its procedures to streamline processes. Section 12.03 constitutes a major streamlining of SWBT's processes and is intended to enable AT&T and others to perform routine operations to serve their customers without first seeking SWBT pole attachment licenses. It was not proposed by SWBT as a means of allowing AT&T to attach facilities to SWBT's poles without paying the applicable pole attachment rates. JAMES HEARST, REBUTTAL, P. 20-22.

67. What changes, if any, should be made to the remaining sections of SWBT's proposed Master Agreement which have been identified by AT&T as provisions that AT&T does not agree to.

SWBT's Position. None. AT&T's witness, Daniel C. Keating, III, has identified the following additional provisions as provisions to which AT&T does not agree: Sections 15.08, 17.02, 17.03, 17.05, 17.06, 17.07, 17.08, 17.09, 17.10, 17.11, 17.12, 18.05, 19.01-19.08, 19.10; all of Articles 20-22; Section 23.02; all of Article 24; Sections 25.02 and 25.03, and all of Articles 26-32. These sections deal with expenses for certain emergency repairs, the handling of unauthorized pole attachments, the removal of facilities to avoid forfeiture of property rights, various fees and charges, performance and payment bonds, liabilities and indemnity, limitations of liability, insurance, assignment of rights, remedies for breach, the consequences of failure to enforce specific contract provisions, the effective date and term of the agreement, notices, dispute resolution, and general provisions. The provisions in question are reasonable and non-discriminatory and will be applicable generally to firms having access to SWBT's poles, ducts, conduits, and rights-of-way. By including these provisions in the Master Agreement, SWBT is not denying AT&T access to its poles, ducts, conduits, and rights-of-way. Many of the provisions about which AT&T complains will almost certainly have no application to AT&T. SWBT does not expect AT&T to breach its obligations or to place unauthorized attachments on SWBT's poles. Unfortunately, the same cannot be said of every firm that will have access. There have been problems in the past and SWBT may reasonably anticipate problems with some firms in the future. The existence of contract language applicable to all should minimize the number of problems SWBT encounters. As for costs, the FCC has full jurisdiction for reviewing any costs which AT&T may consider to be inappropriate or unlawful. The FCC has established costing methodologies and required accounting practices and has, in addition, established expedited complaint procedures to review allegations that improper costs are being charged. SWBT's charges are not excessive and they are intended to comply fully with all applicable legal mandates, including FCC rules, regulations, and guidelines. It is SWBT's position that challenges to the these charges should be determined by the FCC. In this area, unlike others in the Telecommunications Act of 1996, Congress did not specifically direct state regulatory commissions to develop local rates, terms, and conditions of access. Instead, Congress merely stated that utilities are required to

provide access to poles, ducts, conduits, and rights-of-way in accordance with the Pole Attachment Act, which Act vests in the FCC authority over utility pole attachment charges and practices. Congress did not provide statutory standards to be applied by the states and did not suggest that the states should repeat the work being done by the FCC in the Pole Attachment area. Instead, Congress basically stated that the rates applied by the FCC to cable system operators should apply to telecommunications carriers as well.

Article 31, to which AT&T does not agree, includes a single section (Section 31.01) captioned "No Reciprocal Access to Applicant's Facilities." Section 31.01 states: "This Agreement does not include provisions for reciprocal access by SWBT to Applicant's poles, ducts, conduits, and rights-of-way." Although this section may not be necessary, it is true and it is not discriminatory. SWBT may negotiate agreements with other firms, notably incumbent LECs, in which the Agreement will include provisions for reciprocal access. Administratively, it is desirable for SWBT to maintain a common structure and numbering system for all its contracts governing similar subject matter. AT&T may object to this, but inclusion of this language in the Master Agreement does not deny AT&T access to SWBT's poles, ducts, conduits, or rights-of-way and does not prejudice AT&T in any way.

SOUTHWESTERN BELL TELEPHONE COMPANY'S MASTER AGREEMENT.

XI. GENERAL TERMS AND CONDITIONS

1. Should the Interconnection Agreement contain performance standards?

SWBT's Position: SWBT has agreed to provide the same high quality service to AT&T for its retail local service customers that SWBT provides to its own end user customers as well as comply with all state regulatory requirements. Any liabilities for failing to meet these performance standards should not exceed the liability SWBT would have to its own customers for failing to meet those service standards. Furthermore, SWBT is willing to negotiate a liquidated damages provision as a sole remedy for specific performance breaches.

EUGENE SPRINGFIELD, INITIAL, P. 82-86, WILLIAM DEERE, INITIAL, P. 117.

2. Should the agreement provide for a Most Favored Nations clause?

SWBT's Position: SWBT believes any agreement entered into as a result of this arbitration should be subject to renegotiations/modifications to the extent that there are material changes in the law concerning interconnection, as for example, a final decision of the Eighth Circuit concerning the FCC Rules. EUGENE SPRINGFIELD, INITIAL, P. 83.

3. Should the agreement be implemented without impairing SWBT's right to file tariffs in the normal course of business?

SWBT's Position: There should be no restriction on SWBT's ability to file a tariff change that affects or changes SWBT's service during the term of the agreement. Any such restriction would prevent SWBT from filing to discontinue service that AT&T resells. Such a requirement is an inappropriate constraint on SWBT's control over its own product offering. EUGENE SPRINGFIELD, INITIAL, P. 82-83.

4. Should SWBT be required to provide unbundled network elements unencumbered with additional costs of intellectual property rights?

SWBT's Position: No. SWBT must be protected from potential third party claims associated with unbundling. In furnishing an unbundled element, SWBT must also furnish or provide access to licensing or intellectual property of a third party. SWBT could thus be subject to claims for breach of contract, patent, and copyright infringement and/or trade secret violations. Moreover, AT&T must be responsible for its network design and use of unbundled elements in that network if the network infringes intellectual property rights of third parties. SWBT should be protected from the need for such licenses or such claims which have not been factored into SWBT cost studies. Accordingly, any agreement should include sufficient indemnification language. EUGENE SPRINGFIELD, INITIAL, P. 83-84.

5. What limitation of liabilities should be imposed on the parties?

SWBT's Position: SWBT believes that a reasonable limitation on liability would be the amount owed with respect to the service affected by the breach. This has been the traditional approach in telecommunications for decades. EUGENE SPRINGFIELD, INITIAL, P. 82.

6. What should the standard order intervals be for unbundled network elements?

SWBT's Position: SWBT offers a (5) day order interval for loops and will commit to specific due dates on an individual customer basis for all other elements. EUGENE SPRINGFIELD, INITIAL, P. 80.

7. Should the APSC decide all issues that are disputed between the parties, regardless of whether a specific issue is delineated in testimony?

SWBT's Position: No, a better approach to resolution of this issue is for the Arbitrator to decide the policy and matrix issues and direct the parties to negotiate an agreement based on those policy decisions. If agreement between the parties cannot be reached as to contract language on matters decided by this arbitration proceeding, a further review could be conducted. However, if the Arbitrator decides to adopt contract language, the Arbitrator should adopt the language set forth in SWBT's agreement. EUGENE SPRINGFIELD, INITIAL, P. 85-86.

8. Once the Arbitration proceeding is complete, what process should be used for submission of the Interconnection Agreement to the APSC?

SWBT's Position: See SWBT's Position for preceding issue.

XII. CARRIER ACCESS

1. Is SWBT entitled to recover any intrastate access charges from LSPs that interconnect or purchase unbundled network elements

for the provision of telephone exchange service and exchange access?

SWBT's Position: Carrier access rates are not negotiable or arbitrable under the Act. Section 251(g). The FCC's Order does not alter the collection of access charges. Order ¶191. This arbitration order should not undermine the Commission's access reform plan. EUGENE SPRINGFIELD, REBUTTAL, P. 31-32.

XIII. MISCELLANEOUS

1. Should the contract include terms which require SWBT to provide resold services, unbundled network elements, ancillary functions and interconnection on terms that are at least equal to those that SWBT uses to provide such services and facilities to itself?

SWBT's Position: When SWBT provides services to AT&T that are already being provided to SWBT's customers, SWBT will provide such services with the same terms and conditions. SWBT will work with AT&T to establish reasonable order intervals.

Since SWBT does not provide UNE to itself, there are no established standards. SWBT will work with AT&T to establish reasonable standards. EUGENE SPRINGFIELD, REBUTTAL, P. 15-21.

2. What is SWBT's or AT&T's position pertaining to the pricing of white pages listings and other white pages information?

SWBT's Position: SWBT has priced its White Pages on a geographically deaveraged basis, using the forward looking economic cost methodology. SWBT believes a geographically deaveraged study is appropriate to be consistent with the FCC's Order regarding cost-based pricing; and 2) the costs incurred vary based on the directory involved. A description of the cost study can be found in the testimony of Southwestern Bell witness, Ms. Barbara Smith. FCC Rule §51.319(c)(1)(C) ("Rule") requires incumbent LECs, including SWBT, to provide certain features and functions to any requesting telecommunications carrier that purchases the unbundled local switching capability network element. One of the enumerated features and functions is White Pages listings. This requirement is also discussed at Paragraph 412 in the

FCC's Order. However, SWBT is, on a voluntary basis, making White Pages listings, directories and directory delivery available using this costing methodology without requiring telecommunications carriers to purchase unbundled switching. DEBRAH BAKER-OLIVER, INITIAL P. 11-12. T. 1696-1697. FCC Rule §51.319(c)(1)(C). FCC Order ¶412.

ARKANSAS SERVICE GROUP AVOIDED COST ANALYSIS
RESULTS

	<u>COST SAVINGS</u> <u>(% OF REVENUE)</u>
RESIDENCE	
LINES	12.70%
OPTIONAL EXCHANGE SERVICES	8.45%
CALL MANAGEMENT SVCS	9.67%
CALLER ID SERVICES	8.92%
OTHER VERTICAL SERVICES	15.35%
REMOTE CALL FORWARDING	14.57%
WIDE AREA TELEPHONE SVC.	10.77%
TOLL OPTIONAL CALLING PLANS	6.50%
MTS	6.62%
OPERATOR SERVICES	
OPERATOR SERVICES	3.04%
BUSINESS	
LINES	6.44%
OPTIONAL EXCHANGE SERVICE	6.47%
CALL MANAGEMENT SVCS	8.38%
CALLER ID SERVICES	12.68%
OTHER VERTICAL SERVICES	11.52%
REMOTE CALL FORWARDING	8.56%
WIDE AREA TELEPHONE SVC.	6.01%
TOLL OPTIONAL CALLING PLANS	7.22%
MTS	3.38%
PLEXAR 1	9.39%
DIGITAL LINK SERVICES	23.01%
PLEXAR 2	27.10%
TRUNKS	9.71%
IDSN	11.22%
ANALOG PRIVATE LINE	6.37%

(REVISED) SPRINGFIELD SCHEDULE NO. 2
DOCKET NO. 96-395-U
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SOUTHWESTERN BELL TELEPHONE COMPANY

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Proposed Rates for Unbundled Network Elements - Arkansas

	<u>MONTHLY RATES</u>			<u>NONRECURRING</u>	
	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>	<u>INITIAL</u>	<u>ADD'L</u>
<u>Unbundled Loops</u>					
2-wire VG Analog Loop	\$ 73.05	\$ 32.50	\$ 19.25	\$ 38.05	\$ 15.35
Basic Rate Interface Loop (2-wire)	\$123.00	\$ 61.40	\$ 43.60	\$117.40	\$ 61.60
Primary Rate Interface Loop (4-wire)	\$209.95	\$159.60	\$137.00	\$277.25	\$109.35
Loop dB Loss Conditioning	\$ 7.75	\$ 7.75	\$ 7.75	\$ 45.05	\$ 16.90
Service Order	\$ NA	\$ NA	\$ NA	\$ 25.15	\$ 25.15
<u>Cross Connects</u>					
<u>Analog Loop-Cage (Same C.O.)</u>					
2-wire cross connect	\$ 1.65	\$ 1.65	\$ 1.65	\$ 71.80	\$ 68.35
4-wire cross connect	\$ 3.25	\$ 3.25	\$ 3.25	\$ 84.95	\$ 81.50
<u>Analog Loop-Cage (Interoffice)</u>					
2-wire cross connect	\$ 4.50	\$ 4.50	\$ 4.50	\$105.45	\$ 96.95
4-wire cross connect	\$ 6.10	\$ 6.10	\$ 6.10	\$123.70	\$115.20
<u>Analog Loop-SWBT Multiplexer</u>					
2-wire cross connect	\$ 4.50	\$ 4.50	\$ 4.50	\$105.45	\$ 96.95
4-wire cross connect	\$ 6.10	\$ 6.10	\$ 6.10	\$123.70	\$115.20
<u>Digital Loop-Cage (Same C.O.)</u>					
2-wire BRI	\$ 1.65	\$ 1.65	\$ 1.65	\$ 71.80	\$ 68.35
4-wire PRI	\$ 8.70	\$ 8.70	\$ 8.70	\$ 84.95	\$ 81.50
<u>Digital Loop-Cage (Interoffice)</u>					
2-wire BRI	\$ 10.85	\$ 10.85	\$ 10.85	\$105.45	\$ 96.95
<u>Digital Loop-SWBT Multiplexer</u>					
2-wire BRI	\$ 10.85	\$ 10.85	\$ 10.85	\$105.45	\$ 96.95
<u>Local Switching</u>					
Per Originating or Terminating MOU	\$0.002417	\$0.006306	\$0.004714 (C)		
Port Charge Per Month					
Analog Port	\$ 2.85	\$ 2.85	\$ 2.85	\$ 82.75	\$ 74.30
BRI Port	\$ 6.40	\$ 6.40	\$ 6.40	\$ 13.25	\$ 7.30
PRI Port	\$201.35	\$201.35	\$201.35	\$441.25	\$202.50 (C)
DID Trunk Port	\$ 24.80	\$ 24.80	\$ 24.80	\$147.30 (C)	\$ —
<u>Tandem Switching Per MOU</u>					
	\$0.001696	\$0.001696	\$0.001696		
<u>Interoffice Transport</u>					
Common Transport per MOU	\$0.000441	\$0.000456	\$0.000555	Applicable Interstate Initial and Add'l NRC Charges for the type and quantity of circuits provided	
Dedicated Transport					
DS1: Flat-Rate	\$ 51.30	\$ 51.30	\$ 51.30		
Per Mile	\$ 17.70	\$ 17.70	\$ 17.70		
DS3: Flat-Rate	\$815.00	\$815.00	\$815.00		
Per Mile	\$118.00	\$118.00	\$118.00		

SOUTHWESTERN BELL TELEPHONE COMPANY

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Summary of Proposed Rates
Signaling, Database & Ancillary Services - Arkansas

		Proposed Monthly Rate	Proposed Nonrecurring Charges	
			Initial	Add'l
<u>SS7 Links - Cross Connects</u>				
STP to collocators Cage - DS0		\$71.20	\$258.75	\$204.35
STP to Collocators Cage- DS1		\$51.30	\$230.50	\$176.15
STP to SWBT DF - DS0		\$71.20	\$258.75	\$204.35
STP to SWBT DSX Frame-DS1		\$51.30	\$230.50	\$176.15
<u>Unbundled Signalling</u>				
STP Port	(C)	\$2,214.15	\$395.55	
Transprt,per Octet	(C)	\$.000006		
Point Code Addition	(C)		\$51.65	
Global Title Tmsslton	(C)		\$22.90	
		Proposed Per MSG/Query		Per MSG
<u>Unbundled Database</u>				
800 Query-Simple		\$.001020	BCR	
800 Query-Complex		\$.001160	Per local message billed	\$.080000
			Per interstate local msg. billed	\$.050000
			<u>Clearinghouse</u>	
			Per Orig. Message processed	\$.020000
			Per end user message billed	\$.050000
<u>Hosting</u>				
<u>Hosting Company Network</u>				
Full Status RAO, per msg.		\$.002000	<u>Recording;</u>	
Non-full Status RAO, per msg.		\$.007000	Access Usage Record Recording	\$.010000
			Assembly and Editing, per message	\$.005000
			Rating, Per message	\$.005000
<u>National CMDS Network</u>				
Full Status RAO, per msg.		\$.005000	Message Processing, per message	\$.005000
Non-ful Status RAO, per msg.		\$.010000	Provision of Msg. Detail, per Record	\$.003000
Delivery per Record Charge		\$.003000	Source Information Per Record:	
			Meet point billing applicable	\$.011500
			Meet point billing not applicable	\$.023000

WHITE PAGES LISTING, BOOK AND DELIVERY

	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
Per listing/month	\$0.0178	\$0.1846	\$0.3403
Per Book Copy:			
Initial Delivery	\$1.0990	\$1.3562	\$1.9407
Subsequent Delivery	\$1.4848	\$1.8238	\$2.7240
NRC to enter/delete listing	\$0.3741	\$0.3741	\$0.3741
Cost per printed page			
Price for including an LSP			
Page in SWBT's Directory			
Per Directory, per year	\$61.59	\$176.60	\$964.44

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SOUTHWESTERN BELL TELEPHONE COMPANY**Summary of Proposed Rates****Signaling, Database & Ancillary Services - Arkansas**

<u>E911 FEATURE CONFIGURATION</u>		<u>Monthly per 1000 lines</u>	<u>NRC Per 1000 Lines</u>
Automatic Number Identification (ANI)	To Any PSAP	\$10.00	\$80.00
Combined ANI & Selective Routing (SR)	To Any PSAP	\$60.00	\$490.00
Combined ANI & Auto.Location Id. (ANI/ALI)	To Any PSAP	\$105.00	\$440.00
Combined ANI/ALI/SR	To Any PSAP	\$105.00	\$660.00

	<u>Monthly</u>	<u>NRC</u>
Trunk Charge Per Channel	\$70.00	\$110.00

<u>DIRECTORY ASSISTANCE</u>	Per Call
Directory Assistance (C)	\$0.3777
Dir. Asst. Call Completion	\$0.2400
Mutual Licensing DA Listings	\$0.0585 per listing load with a \$200.00 Minimum

**OPERATOR SERVICES CALL
COMPLETION SERVICES**

Operator-Assisted	Per
Call Processing	Actual
This usage rate applies	Work
to each call that has	<u>Second</u>
been answered by or	
or forwarded to an	
operator	(C) \$0.0166

Fully Automated	
Call Processing	<u>Per Call</u>
This usage rate applies	(C)
to each call that has	(C)
been completed on	(C)
a fully automated basis	(C) \$0.1611

LINE INFORMATION DATABASE-LIDB

LIDB Query Transport	\$0.004500
LIDB Validation Query	\$0.026000
CNAM Query	\$0.011500
LIDB Service Order Charge	\$256.70
Line Validation Administration System:	
	Flat Add'l Per
Media Update	<u>Charge</u> <u>100 Lines</u>
Manual	
Initial Loads	\$372.00 \$55.00
Subsequent Loads	\$51.00 \$3.75

POLES AND CONDUIT

Poles - per pole per year	\$2.3500
Conduit - per duct foot per year	\$0.4000

INTERIM NUMBER PORTABILITY

Additive - Per Ported EAS	
Number, Per Month	\$12.00

Direct Access to Directory Database—under development

Direct Access to Operational Support Systems—under development

Branding of Operator Services —under development

External Rater to Enable Quote of LSP Call Rates—under development

SOUTHWESTERN BELL TELEPHONE COMPANY

Proposed Rates for Transport and Termination - Arkansas

	<u>ZONE 1</u> <u>Prop. Rate</u>	<u>ZONE 2</u> <u>Prop. Rate</u>	<u>ZONE 3</u> <u>Prop Rate</u>
<u>Local Switching</u>			
Per Originating or Terminating MOU	\$0.002417	\$0.006306	\$0.004714 (C)
Port Charge Per Month			
Analog Port	\$ 2.85	\$ 2.85	\$ 2.85
BRI Port	\$ 6.40	\$ 6.40	\$ 6.40
PRI Port	\$ 201.35	\$ 201.35	\$ 201.35
DID Trunk Port	\$ 24.80	\$ 24.80	\$ 24.80
<u>Tandem Switching Per MOU</u>	\$0.001696	\$0.001696	\$0.001696
<u>Transit Rate Per MOU</u>	\$0.002252	\$0.002251	\$0.002251
<u>Interoffice Transport</u>			
Common Transport per MOU	\$0.000441	\$0.000456	\$0.000555
Dedicated Transport			
DS1: Flat-Rate	\$ 51.30	\$ 51.30	\$ 51.30
Per Mile	\$ 17.70	\$ 17.70	\$ 17.70
DS3: Flat-Rate	\$ 815.00	\$ 815.00	\$ 815.00
Per Mile	\$ 118.00	\$ 118.00	\$ 118.00

Composite Rate Examples

	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>ZONE 3</u>
<u>Tandem Routed Local Traffic</u>			
Tandem Switching	\$0.001696	\$0.001696	\$0.001696
Transport (Common)	\$0.000441	\$0.000456	\$0.000555
Local Switching	<u>\$0.002417</u>	<u>\$0.006306</u>	<u>\$0.004714 (C)</u>
Total Tandem Routed Per MOU	\$0.004554	\$0.008458	\$0.006965 (C)
<u>End Office Routed Local Calls</u>			
Local Switching Per MOU	\$0.002417	\$0.006306	\$0.004714 (C)

Arkansas Case 96-395-U
Resale Avoided Cost Analysis
Additional Information

1. What portion of start -up costs have already been incurred?

Company

1995 Equipment and materials	\$ 376,067
1996 Equipment and materials	\$2,045,303
1996 Service representative training	\$2,440,328
1996 Communication consultant training	<u>\$ 75,483</u>
Total	\$4,937,181

Arkansas

1996 Installation and Maintenance Training-Mgt.	\$ 7,407
1996 Installation and Maintenance Training- Craft	<u>\$ 44,236</u>
Total	\$ 51,643

2. Is there an overlap in the LSPSC onset costs and the account costs identified in the service group and aggregate resale avoidable cost analysis?

No. LSPSC onset costs were calculated based on a three year average (1997-1999) of personnel that were established as the result of providing services for resale. These are new costs incurred and were treated as additional expenses. The costs included in the avoided cost discount for the service group and aggregate studies are 1995 expenses, so there would be no overlap. These expenses involve new positions and the existing positions from which they were taken were backfilled.

APPENDIX I

AT&T ISSUES MATRIX
APSC Docket No. 96-395-U
State of Arkansas

I. RESALE-SERVICES AND PRICES

Issues	AT&T Final Offer	Arbitrator Decision
1. What SWBT services should be required to be made available for resale at wholesale rates?	<p>SWBT services available for resale should include all services offered at retail to end users, including Shared Tenant Service, Enhanced Directory Listings, Prepaid Calling Cards, Shared Use Service and Distance Learning Service. Promotions of less than 90 days must be available for resale, but not at a wholesale discount.</p> <p>47 U.S.C. §251(c)(4)(A) 47 C.F.R. §51.603 FCC Order ¶¶ 871, 948, 956, 968</p> <p>Flappan, Direct 21-28, Rebuttal 2-5</p> <p>Tr. 1269-1270</p>	
2. Should new entrants be able to aggregate end users in a shared tenant services arrangement without restrictions?	<p>Yes. Resale of flat-rated services to multiple customers is made possible through an efficient use of existing technology and should not be discouraged through restrictions on resale.</p> <p>47 U.S.C. §251 (c)(4) FCC Order ¶ 963</p> <p>Flappan, Direct 21-22</p> <p>Tr. 1270-1271; 1279-1280; 1284; 1287</p>	
3. Should promotional offerings of 90 days or less be available for resale at the promotional rate?	<p>Yes. However, promotional offerings of 90 days or less need not be made available for resale at a discount.</p> <p>47 U.S.C. § 251(c)(4) 47 C.F.R. § 51.605 and 51.613</p> <p>Flappan, Direct 22-25, Rebuttal 7</p> <p>Tr. 1271-1272; 1288-1290</p>	

Issues	AT&T Final Offer	Arbitrator Decision
<p>4. Should distance learning services be made available for resale at the wholesale discount rate?</p>	<p>Yes. Even telecommunications services provided below cost should be available at a wholesale discount.</p> <p>47 U.S.C. § 251(c)4 FCC Order ¶ 956</p> <p>Flappan, Direct 25-27</p> <p>Tr. 1272-1273; 1292</p>	
<p>5. What resale restrictions should be permitted, if any?</p>	<p>All resale restrictions except for the cross class reselling of residential services to non-residential end users and the cross class reselling of means tested services are presumptively unreasonable. This also applies to restrictions in the incumbent LEC's underlying tariffs.</p> <p>47 U.S.C. §251(c)(4) 47 C.F.R. §§ 51.603, 51.609 FCC Order ¶ 939</p> <p>Flappan, Direct 27-28, Rebuttal 3-6</p> <p>Tr. 1270-1271; 1273; 1282-1284; 1286</p>	
<p>6. Should SWBT's tariffs contain their wholesale offerings?</p>	<p>Yes. SWBT should be required to file tariffs for approval by the APSC, clearly describing the prices, terms and conditions of its wholesale service offerings.</p> <p>Flappan, Rebuttal 2-3</p> <p>Tr. 1295-1302</p>	
<p>7. What are the proper procedures for customers changing local companies.</p>	<p>A customer change process should be implemented with the following minimum requirements: (1) changes should be provided at an interval no longer than it currently takes SWBT to transfer customers between IXCs; (2) in an electronic interface environment when an end user changes local carriers with no change in service or with fewer features than the customer had with SWBT, a change charge should be set at a</p>	

Issues	AT&T Final Offer	Arbitrator Decision
	<p>rate (\$5.00) similar to the rate charged for changing IXCs, until a TELRIC study can establish an appropriate rate; as to manual orders, the rate should be \$12.00; (3) allow a customer to add features or services at the time of the initial order with the new entrant paying the change charge and the wholesale nonrecurring charge for the additional services or features added.</p> <p>Flappan, Direct 28-31</p> <p>Hearing Exhibit No. 13</p> <p>Tr. 1305-1313</p>	
<p>8. What is the proper methodology for determining the prices for SWBT resold services?</p>	<p>Resale Pricing should be based on avoided costs as defined in the Federal Act and the FCC Order. AT&T's Avoided Cost study complies with both the Federal Act and the FCC Order and should be adopted. The study calculates a wholesale discount of 27.46% for SWBT's retail local, toll and private line rates. AT&T is willing to compromise and settle with SWBT for a resale discount rate of 21.6%.</p> <p>47 C.F.R. §51.609 defines "avoided retail costs" as those costs that reasonably can be avoided.</p> <p>47 U.S.C. § 252 (d)(3) FCC Order ¶ 911</p> <p>Crombie, Direct 3-7, Rebuttal 2-8</p>	
<p>9. Are Product Management costs in their entirety an avoided cost?</p>	<p>All product management expenses are avoided.</p> <p>47 C.F.R. §§ 51.609(c)(1) and (d) FCC Order ¶ 917</p> <p>Crombie, Direct 8-9</p>	
<p>10. What percentage of sales expenses is an avoided cost?</p>	<p>All sales expenses are avoided costs.</p> <p>47 C.F.R. § 51.609(c)(1) and (d) FCC Order ¶ 917</p>	

Issues	AT&T Final Offer	Arbitrator Decision
	Crombie - Direct, 8-9	
11. Are advertising expenses in their entirety an avoided cost?	Yes, under 47 C.F.R. § 51.609(c)(1) advertising costs are avoided costs. 47 C.F.R. § 51.609(d) FCC Order ¶ 917 Crombie - Direct, 8-9	
12. Are Call Completion Costs (Operator Services) in their entirety an avoided cost?	Yes, per the FCC Order, these costs are avoided since AT&T intends to use its own operator services. 47 C.F.R. § 51.609 FCC Order ¶ 917 Crombie, Direct 10-12	
13. Are number service costs (Directory Assistance) in their entirety an avoided cost?	Yes, per the FCC Order, these costs are avoided since AT&T will use its own operators to perform directory assistance. 47 C.F.R. § 51.609 FCC Order ¶ 917 Crombie, Direct 10-12	
14. Are General & Administrative costs an avoided cost when SWBT is wholesaling a local service?	Yes, general & administrative costs are avoided indirect costs. 47 C.F.R. §§ 51.609(c)(1) and (2) FCC Order ¶ 918 Crombie, Direct 10, DC-1, Rebuttal 4	
15. What percentage of Testing and Plant Administration costs are an avoided cost?	AT&T has performed an internal study and determined that a 20% avoided cost factor should be used. Under 47 C.F.R. § 51.609(d), these costs may be treated as avoided retail costs. Crombie, Direct 12 - 13	
16. What percentage of uncollectible expenses is an avoided cost?	All uncollectible expenses relating to wholesale services sold to AT&T are avoidable costs since AT&T will be responsible for all charges. 47 C.F.R. § 51.609(c)(2) Crombie, Direct 14	

Issues	AT&T Final Offer	Arbitrator Decision
17. Should LSPSC start up costs be included?	No. SWBT is basing its figures on estimates that cannot be verified based on any historical experience. Crombie, Rebuttal 7	
18. Should access expense/revenues be used in calculations of avoidable costs?	Access expense/revenues should not be used in the calculation of avoided costs. Crombie, Direct, 7-9	
19. Should return be classified as an avoided cost?	Return is avoided to the extent investment is avoided in a wholesale environment. FCC Order ¶ 913 Crombie, Direct 11, Rebuttal 4-6	
20. What portion of Account 6623 (Customer Service Expenses) is avoided.	All retail customer service expenses are avoided. Crombie, Direct 6	
21. What revenues should be utilized in the calculation of the Avoided Cost Discount?	The revenues that should be included are those revenues that are associated with any telecommunications service that SWBT offers at retail to subscribers who are not telecommunications service providers. Crombie, Direct 5-7, Ex. DC-2	

II. RESALE-OPERATIONAL ISSUES/ELECTRONIC INTERFACES

Issues	AT&T Final Offer	Arbitrator Decision
1. Should SWBT be required to provide the full compliment of ordering and provisioning functionality through electronic interfaces for unbundled network elements and total service resale?	Yes. The parties have reached agreement on virtually all electronic interface issues. However, operational interfaces provided by SWBT for both unbundled network elements and total service resale must provide a full compliment of ordering and provisioning functionalities, including ordering and provisioning unbundled network elements on an "as is" basis. AT&T must be able to order UNEs in various combinations on a single service order and not be restricted to those combinations	

Issues	AT&T Final Offer	Arbitrator Decision
	that SWBT currently offers. Orders should be processed for combination of UNEs that are not currently interconnected without a special request. Dalton, Direct 10-13, Rebuttal 4-7 Tr. 646-647	
2. What is a reasonable period for advance notification of new services and changes of tariffed services?	The parties have reached agreement that SWBT will notify AT&T of all new services and changes to tariffed services at the same time SWBT releases its internal Preliminary Rate Authority (PRA). Tr. 647-649	
3. Should service interruption of new entrants customers be allowed when customers change from one local service provider to another without a change in service?	The parties agree there should be no service interruption in cases of resold services. However, as to "as is" ordering of unbundled elements, if a customer is only changing service providers and not any features or equipment, then service interruption is unnecessary. Customers should not be forced to physically disconnect and reconnect unless a technical requirement would dictate such a procedure. 47 C.F.R. § 51.315(b) Jacobson, Direct 29-30 (Hearing Ex. 3, §5.2.6 of Attachment 6) Tr. 649-677	

III. OPERATOR SERVICES AND DIRECTOR ASSISTANCE

Issues	AT&T Final Offer	Arbitrator Decision
1. Should SWBT be required to customize the routing of operator services and directory assistance calls to AT&T's platforms where AT&T purchases resold services under sec. 251 (c)(4) or state law or purchases unbundled network elements under sec. 251 (c)(3) or state law?	AT&T requests a selective routing service, which would automatically route all Operator Services and Directory Assistance calls (inclusive of IntraLATA) to AT&T's platform. SWBT must unbundle the functionalities for OS and DA in connection with resold services and UNEs, to the extent technically feasible.	

Issues	AT&T Final Offer	Arbitrator Decision
	<p>FCC Order ¶ 536 47 U.S.C. § 251(c)(4)</p> <p>SWBT must prove to the state commission that customized routing in a particular switch is not technically feasible.</p> <p>FCC Order ¶ 418</p> <p>Jacobson, Direct 24-28, Rebuttal 12-13</p> <p>The parties have reach agreement on this issue, excepting only AT&T's request that SWBT route AT&T customers intraLATA toll calls to AT&T's operator services and directory assistance platform.</p> <p>Tr. 678-680.</p>	
<p>2. Should SWBT be required to deliver operator services and directory assistance calls, along with the required signaling and data to AT&T for completion?</p>	<p>AT&T should be allowed to determine how calls made by its customers are routed. SWBT must deliver operator services and directory assistance calls to AT&T when requested.</p> <p>Jacobson, Direct 30 (Hearing Ex. 3, §§7.2.5.5 and 7.3.1.4 of Attachment 6)</p> <p>The parties have reach agreement on this issue, excepting only AT&T's request that SWBT route AT&T customers intraLATA toll calls to AT&T's operator services and directory assistance platform.</p> <p>Tr. 678-680.</p>	

IV. BRANDING

Issues	AT&T Final Offer	Arbitrator Decision
<p>1. Should SWBT be required to accommodate AT&T's branding requests concerning operators and directory assistance?</p>	<p>The parties have resolved this issue.</p> <p>Tr. 679-681</p>	
<p>2. Should SWBT be required to brand Installation, Maintenance, and Repair services in the name of AT&T</p>	<p>The parties agree that SWBT may utilize "generic" references to the "local service provider" in cases of</p>	

Issues	AT&T Final Offer	Arbitrator Decision
when provided by SWBT to AT&T customers?	installation, maintenance and repair (including materials furnished) until SWBT resolves the technical issues necessary to enable SWBT to identify the local service provider by name. Tr. 687-688	

V. UNBUNDLING AND PRICES

Issues	AT&T Final Offer	Arbitrator Decision
1. Should SWBT provide the full functionality of unbundled network elements, inclusive of intraLATA toll and exchange access, to new entrants?	Yes. SWBT should be required to provide the complete functionality of UNEs when purchased by a new entrant, inclusive of intraLATA toll and exchange access. IntraLATA toll should be comprised of message toll service, DA service and Operator Services. Dalton, Direct 32-33, Rebuttal 9-10 Jacobson, Direct 19-22 Tr. 682-687; 691-695	
2. Should SWBT provide additional information regarding a UNE if requested by AT&T?	SWBT should be required to provide a reference list of vendor documentation and to respond to reasonable requests for additional information on UNEs. Jacobson, Direct 22 (Hearing Ex. 3, §2.19.2 of Attachment 6)	
3. How should nonrecurring costs be recovered by SWBT?	Nonrecurring cost for UNEs should be recovered in the amounts and manner depicted in Hearing Ex. 13, AT&T's final offer on UNE prices. Development costs of gateway and operation interfaces should be recovered from all demand, in a competitively neutral manner. Flappan, Direct 43-49 Tr. 773-777	
4. What unbundled network elements should SWBT provide to AT&T?	SWBT should provide the following Unbundled Network Elements:	

Issues	AT&T Final Offer	Arbitrator Decision
	<p> Network Interface Devices Loop Distribution Loop Concentrator/Multiplexer Loop Feeder Dark Fiber Local switching Operator Systems Dedicated transport Common transport Tandem switching Signaling link transport Signal transfer points Service control points/databases </p> <p> 47 U.S.C. § 251(c)(3) 47 U.S.C. §3(a)(45) 47 C.F.R. § 51.317-319 </p> <p>Jacobson, Direct 8-15</p> <p>Tr. 698-700; 760-773; 777-783; 797-799; 810-812.</p>	
<p>5. What should the Unbundled Network Element include?</p>	<p> AT&T requests all capabilities, features and functionality inherent to the UNE that may be used to provide telecommunications services, including local exchange services, intrastate toll services, interstate toll services, intrastate exchange access services and interstate exchange access services. </p> <p>47 U.S.C. § 51-307(c)</p> <p>Jacobson, Direct, 21-22 (Hearing Ex. 3, §2.15 of Attachment 6)</p> <p>Tr. 815-823; 826-829</p>	
<p>6. Should the APSC order SWBT to go further in unbundling its network than the FCC required?</p>	<p>Yes. The FCC required incumbent LECs to unbundle, at a minimum, the following Network Elements: 1) Network Interface Device, 2) Local Loops, 3) Local Switching (including Tandem Switching), 4) Interoffice Transmission Facilities (including Dedicated and Common Transport), 5) Signaling and Call-Related Databases (including</p>	

Issues	AT&T Final Offer	Arbitrator Decision
	<p>Signaling Link Transport, Signaling Transfer Points and Service Control Points), 6) Operations Support Systems (for pre-ordering, ordering, provisioning, maintenance and repair, and billing for network elements and resold services), and 7) Operator Services and Directory Assistance Facilities. AT&T is requesting the APSC to order SWBT to offer access to any new entrant on an unbundled basis the following Network Elements:</p> <ul style="list-style-type: none"> Loop Distribution Loop Concentrator/Multiplexer Loop Feeder Dark Fiber <p>Jacobson, Direct 12-15 Keating, Direct 8-13, Rebuttal 4-14</p> <p>Tr. 698-700; 760-773; 777-783; 797-799; 810-812</p>	
<p>7. Is sub-loop unbundling technically feasible, and if so, under what terms and conditions should it be offered?</p>	<p>Local loops should be unbundled into loop distribution, loop concentrator/multiplexer, and loop feeder subject to market demand on an individual case basis.</p> <p>47 C.F.R. § 51.317 FCC Order ¶ 391</p> <p>Jacobson, Direct 15, Rebuttal 2-3 Keating - Direct 8-13, Rebuttal 8-13</p> <p>Tr. 699; 760-773; 779-783</p>	
<p>8. Should AT&T have access to SWBT's unused transmission media ("dark fiber")?</p>	<p>Unused transmission media should be made available. SWBT in Arkansas has approximately 98,000 miles of dark fiber.</p> <p>There is a presumption in favor of unbundling if it is technically feasible.</p> <p>FCC Order ¶ 281</p> <p>Further unbundling is to be</p>	